

FORT PECK, STATE TO SHARE OIL, GAS TAXES

By Richard Peterson

POPLAR — Montana Gov. Brian Schweitzer and leaders from the Fort Peck Assiniboine and Sioux tribes signed an oil- and gas-production tax agreement — the first of its kind in the nation — during a traditional treaty-signing ceremony Tuesday.

Under the agreement, the tribe and state will split the tax proceeds 50-50. The agreement applies only to reservation landowners who are tribal members and to tribally owned lands.

The agreement will prevent double taxation by both governments, which tribal officials believe has hindered oil and gas production on a reservation surrounded by one of the busiest oil producing areas in the country.

There are currently two oil and gas producing wells on the reservation, which is located over the oil-rich Bakken Formation that stretches from western North Dakota into several eastern Montana counties. Immediately past the reservation's borders, lights from hundreds of oil wells and rigs dot the eastern Montana prairie.

"It's been really frustrating to really pinpoint the exact reason there's not much development here, but we're sure this is one of the them," Tribal Councilman Rick Kirn said of the double taxation eliminated by the new agreement.

In recent years, the tribe and state each levied about a 14 percent tax on oil and gas wells, tribal officials said. The new agreement assures oil and gas developers that the rate of taxation on the reservation is at the same level as rates off the reservation, tribal officials said. Those rates will range from 9 percent to 15 percent, depending on the type of well and length of production, officials said. The state will collect the taxes and disperse 50 percent to the tribe, the agreement states.

Schweitzer said the government-to-government agreement would soon open the reservation to oil and gas development and help the tribe create a permanent economic development project. He also promised to help market the tribe's oil and gas reserves to Canadian and other energy companies to help spur production.

"This (agreement) is the first of its kind in this country and it will determine how the (state's) first people will decide their fate," the governor said before he and Tribal Chairman A.T. Rusty Stafne signed the document. Both leaders participated in a traditional pipe ceremony, which was customary in the 18centuries when Indian tribes signed agreements with federal and state governments.

Schweitzer said it will take the Fort Peck tribes about five years to develop relationships with oil companies, who want some of the 60 billion barrels of oil underneath the Bakken Formation.

"What you are doing today will change the lives of your children and grandchildren. The real return will be realized in 15 to 30 years from now," Schweitzer said. "This is also good for the rest of the tribes who will be stepping up to sign similar agreements."

The Chippewa-Cree and Crow tribes of Montana also are in negotiations with the state on oil- and gas-revenue sharing compacts, state officials said.

The governor and chairman also signed a Title IV-E agreement Tuesday, which allows the state to provide child foster care services on the reservation.